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C O N F I D E N T I A L SECTION 01 OF 03 BUDAPEST 002500

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SUBJECT: INSIDE LOOKING OUT: MAKING HUNGARIAN FOREIGN POLICY

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Classified By: POL/C ERIC V. GAUDIOSI; REASONS 1.4 (B) AND (D)

¶1. (C) Summary: Hungarian foreign policy has remained a notable exception to partisan domestic disputes to date, but new individuals and new institutions are testing the waters in the policy process. Although EU membership allows the GoH to default to the consensus position on the many issues in which it has no direct national interest, the introduction of austerity measures has left many Hungarians increasingly ambivalent about the Union. Hungary will remain selectively active on key issues including the Balkans, but the Gyurcsany government seems content to take a lower-key approach in managing questions regarding Hungarian minorities in neighboring states. Indeed, even supporters agree that Gyurcsany has centralized decision-making authority in the PM's office without improving operational efficiency, and for many Hungarian politicians foreign policy remains an issue to be kept at arms length or considered in the context of domestic political advantage. Continued consultation and public outreach will help promote selective activism on issues of mutual concern. End Summary.

MADE IN BRUSSELS?

¶2. (C) With the allure of accession fading and the economic impact of austerity measures looming ahead, Hungary is expressing a degree of ambivalence regarding its membership in the European Union. Having made the EU its overarching policy goal for so long, the GoH has yet to fill the void following accession with new objectives. Many of its accession requirements had been considered foreign policy issues but have now been internalized as it adjusts to membership.

¶3. (C) Budapest is often content to follow the EU consensus, and effectively "outsourcing" its policy to the Union is clearly a temptation for a country principally concerned with its internal political issues. As former President Arpad Goncz commented to Ambassador Foley, "influence Brussels and you influence Budapest." Although this is not yet a foregone conclusion, Hungary often has little interest in issues where it has no perceived national interest.

¶4. (C) There are exceptions to this rule. Hungary has engaged on Cuba and remains actively focused on the Balkans due to its interest in regional stability and its position as a gateway for investment. Budapest is still looking for a constructive role in multilateral fora, however, particularly after a sharp clash with the UK over Croatia's EU accession in 2005.

WHAT BORDER?

15. (C) The presence of Hungarian minorities in the region will continue to prompt a degree of Hungarian activism, though more often rhetorical than practical. Although concerns over their co-ethnicists are sincere, the issue also remains a political football as the opposition continues to maintain strong ties to ethnic Hungarians abroad. The opposition has been muted in criticizing the government on this issue (most notably during this fall's incident in which an ethnic Hungarian student in Slovakia claimed to have been assaulted), and FIDESZ officials have candidly conceded that they remained silent largely to avoid giving the Gyurcsany government the opportunity to portray itself as the champion of ethnic Hungarians (ref a).

16. (C) Others have been less reticent. Representatives of international Hungarian associations have criticized the government's "inaction" on this issue, describing the Gyurcsany government as unwilling to engage on an issue they believe "can only hurt them and not help them." They suspect that the government's decision to give the bureaucratic lead on ethnic Hungarian issues to the Prime Minister's Office reflects Gyurcsany's recognition that "nothing will happen without him" ... and his desire to ensure that "nothing happens at all."

#### CONTROLLING THE MEANS OF POLICY PRODUCTION

17. (C) This centralization of decision-making authority in the PM's Office is part of a broader trend. Even Gyurcsany's supporters concede that his reliance on his personal staff and ad hoc commissions has opened him to political criticism without noticeably increasing efficiency (ref b). Gabor Kuncze, outgoing president of the junior coalition partner SZDSZ, notes that cabinet ministers have been relegated to "giving the bad news while Gyurcsany takes all the credit."

BUDAPEST 00002500 002 OF 003

"Despite his exceptional talents," Kuncze concludes, "Gyurcsany has no leadership skills."

18. (C) The government is expected to make changes after the New Year, including the establishment of a Chief of Staff within the Prime Minister's Office. These will also reportedly involve reinstating the position of Administrative Secretaries in each Ministry, reversing a recent cost-saving

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move in light of widespread dissatisfaction with poor bureaucratic performance. The MFA has also established a Strategic Planning office, and is bringing back former Ambassador to the UK and France (and Cultural Attache in Washington) Bela Szombati as its director. (Note: We understand Szombati met recently in Washington with DAS Karsner and with representatives from the Brookings Institute and the Heritage Foundation. End Note.) Other changes to streamline the GoH bureaucracy and improve its strategic focus are also under consideration (septel).

19. (C) There is a growing sense that changes are overdue. The deployment of Hungary's PRT in Afghanistan is straining the GoH. We understand there have been sharp clashes between officials in the Prime Minister's Office and the MFA regarding plans for civil reconstruction, and communication between some high-level officials has all but broken down. Inter-agency coordination is often limited to various ministries each talking to the embassy but not to each other. Senior MFA officials have intimated to us that "solutions to these problems are already in train."

110. (C) FM Goncz has, on balance, exceeded the very modest expectations that followed her surprise appointment. She remains the target of occasional sniping from the opposition, which has cast itself as the defender of "professional expertise" in foreign affairs. Moreover, Goncz's reportedly good relationship with PM Gyurcsany has not made her the government's leading voice on foreign policy. Nor has it

spared the MFA from significant personnel cuts in its domestic and overseas staffing. In a cabinet filled with political players, Goncz lacks the independent power base enjoyed by many of her colleagues and remains far from first among equals.

#### CONSENSUS, COMMITTEES, AND KATALIN

¶11. (C) Foreign policy is no longer the exclusive purview of the executive agencies. As underscored by the Parliamentary Foreign Affairs Committee's discussion of NATO issues in anticipation of the Riga Summit (ref c), the bipartisan consensus on most foreign policy issues remains strong despite Hungary's domestic political situation. Committees, members, and staffers are developing expertise and moving cautiously toward a more active role in the policy process, and we are redoubling our outreach with them.

¶12. (C) Parliamentary Speaker Katalin Szili has also established a markedly higher international profile than her predecessors. She has travelled frequently in the region - so much so that our MFA contacts play the occasional game of "where's Katalin?" - and tried with mixed success to use her office to organize and host international conferences in Budapest. Szili's interest may have more to do with her own political ambitions than a pure interest in foreign affairs, but she, too, has established a position supportive of our key priorities.

#### THE WILD CARD AT THE TOP OF THE DECK

¶13. (C) President Solyom has also ventured into foreign policy. He has travelled to meet with foreign counterparts, including trips to Cyprus and Egypt this month to visit Hungarian troops serving in peacekeeping missions there. His limited constitutional powers do include the right to refer legislation to Parliament for reconsideration, and many political scientists see Solyom as trying to expand the prerogatives he worked to limit as President of the Constitutional Court. He demonstrated his willingness to do so on the question of the US-EU passenger data sharing agreement. Although Solyom's relationship with the MFA is reportedly distant, he has recently raised eyebrows by asserting his right to go directly to the Ministries contrary to traditional practice. Most observers agree that his (often ill-timed) engagement is driven by his legalistic attitude, but our EU colleagues tell us that Solyom has been exceedingly candid regarding his strong personal antipathy for PM Gyurcsany, whom he has described as "morally unfit" for his position. Although Solyom's motives may not be anti-American, his opinions may reflect a tendency to question the Gyurcsany's government's actions. His actions may also remain largely immune to diplomatic engagement.

BUDAPEST 00002500 003 OF 003

#### WHEN THINGS SOUND TOO GOOD TO BE TRUE ...

¶14. (C) Finally, the Hungarian Embassy in Washington is always a variable in the equation. The MFA often finds itself running - and sometimes only grudgingly walking - to catch up with commitments made in Washington. Their Embassy often tries to lead from afar - and usually in the right direction - but their activism contrasts sharply with bureaucratic inertia here and can exacerbate Hungary's reputation for "overpromising and underdelivering."

#### INNOCENTS ABROAD

¶15. (C) Comment: On balance, the gradual emergence of alternate sources of opinion and expertise in foreign affairs is a positive development that will bring foreign policy closer to the public. This will be a gradual process, and the temptation to use foreign policy as a pawn in domestic politics will continue. Domestic experience remains the key to political prominence in Hungary, and Brussels is more

often a pasture than a stepping stone to promotion for Hungarian officials. Even senior party officials are visibly uncomfortable in their dealings with the diplomatic community. Our colleagues in the diplomatic corps confide that PM Gyurcsany's recent trip to Germany was "painful," and the government has relied on former PM Medgyessey as an Ambassador-at-large in dealings with the EU and other European capitals. While the growing visibility of international political fora such as the European Peoples Party (of which Viktor Orban is Vice-President) does provide a source of support and an avenue for foreign exposure, the parties often leave foreign contacts to selected officials (ref d). As Hungary tries to put its economic house in order, the best-case scenario is that a more fiscally sound GoH will adopt a more active foreign policy working in close concert to advance our mutual interest (ref e). Continued high-level consultations will help enormously in encouraging this outcome. The worst-case is the relegation of foreign policy to a new venue for domestic political arguments which are rapidly getting old. End Comment.

FOLEY